

Questions and Answers

Question: How long will Michigan receive 40101d funds?

Answer: The infrastructure Investment and Jobs Act is a five-year program. Michigan will receive from the Department of Energy (DOE) approximately \$7.5M annually, add a 15% state match, and subtract 5.5% for administration and technical assistance. Therefore, Michigan will make approximately \$16M available to seven investor-owned, forty municipal, and nine cooperative utilities.

Question: Who is eligible to receive 40101d funds?

Answer: Large operators, defined as utilities selling more than 4 TWh of electricity annually, will be eligible for 50% of the available funds. Two investor-owned utilities fall into this group. For the years 2023 and 2024, their total is approximately \$8M. Small operators, defined as utilities selling less than 4 TWh of electricity per year, will be eligible for the remaining 50% of the funds, also approximately \$8M for two years. The remaining 56 utilities qualify to apply for those funds. Other eligible parties, like transmission operators or fuel delivery companies, may join an RFP response led by an eligible party.

Question: What budget year should municipalities anticipate receiving grant approval?

Answer: The simplistic answer is Fall 2023. This assumes that EGLE receives the green light to proceed (May 2023), issues the RFP (June), utilities apply on schedule and select prescriptive projects (July), EGLE completes the review in one month (August), DOE provides the approval within one month (Sept), EGLE signs grant agreement with selected utilities (October). In this scenario, utilities could begin projects at the end of 2023.

Question: We are already into 2023; how can utilities complete the project this year if there are many steps to get an award?

Answer: DOE and EGLE will simultaneously award the 2023 and 2024 funds. Small projects can be completed late 2023 to 2024. Utilities will provide an implementation timeline that could extend the project into subsequent years.

Question What budget year should municipalities anticipate receiving these grant funds and supplying their 1/3 match? (i.e. 2023, 2024?)

Answer: Once the grant agreement is signed, the utility may proceed with the project. Depending on the size or complexity, payments will be made upon project completion or milestones. A reasonable estimate is that the funds will be transferred in 2024, subject to the terms of the grant agreement. For higher fund awards, fund reimbursements may occur more frequently.

The source of the 1/3 match must be provided in the RFP response. When requesting grant fund **reimbursement**, the payment justification must include the details of the match.

If the entire State share of the grant award is expended, the entire in-kind or matched funds must be spent and supported by source documentation. If the entire State share of the grant award is not spent, the in-kind or matched funds may be reduced proportionately by the percentage of the grant award not spent.

Question: Are undergrounding, upgrades, or repairs to underground lines included under any of the seven prescriptive projects?

Answer: Undergrounding, upgrades, or repairs to underground lines are eligible activities. EGLE's preliminary estimates based on MPSC records indicate that the cost of undergrounding circuits is far higher than other grid enhancement opportunities. Therefore, it was not included in the original seven prescriptive projects. However, the prescriptive project list can be expanded per recommendation by the applicant utilities as long as it is done prior to the RFP release. EGLE needs to get project cost estimates from utilities to decide what will be included as prescriptive projects.

Question: Would voltage regulators fit into one of the identified projects?

Answer: Overvoltage protection is included in the prescriptive project list. The prescriptive project list can be expanded per recommendation by the applicant utilities. EGLE wishes to get project cost estimates from utilities to add it as a prescriptive project.

Question: Project quotes are now taking more time to come in (3-4 weeks), making quick documentation requests challenging. Suppose there are delays for some municipalities in receiving quotes. Will we be able to use similar costs from other municipal electric utilities to fill in the gaps to prevent delays?

Answer: EGLE is aware of logistical issues and is requesting input from the utilities on these matters. EGLE is working with utility associations to get aggregate data that any regional utility can use. To avoid the procurement quote bottleneck, aggregate data must come from recently completed projects.

Question: A utility has budgeted \$100,000 per year for three years for line clearance (Dead and Danger...). Will the grant cover the three-year life of this contract or just one year?

Answer: The answer is related to the grant match and 40101d duration. Small operators have a 33.3% match requirement. They can request for the first two years, and annually afterward.

On the high end, they could request \$300k yearly and use the \$100k/year as the match. To compete at that level, they must be in a high-energy burden location in a Justice 40-recognized area and demonstrate grid congestion, high outage rates, etc.

On a lower end, they could ask for \$50k a year and match that with \$17.5k from their already committed \$100k budget. This would result in doing \$150k yearly in vegetation management. Their 3-year project can be done in 2, and they still have \$100k in the following year to continue.

Because the first RFP will cover 2023 and 2024, this example utility could request 2 x \$50k simultaneously. Their match would be \$33.3k, which would come from existing O&M budgets.

Question: What is included under vegetation management? Is it removing the entire tree or general trimming back from the ROW (right of way)?

Tree removal costs vary significantly, and utility methods vary. First is the size of the tree as measured at breast height or vehicle access for tree removal. Also, whether costs include wood removal. Tree removal often requires the services of an arborist to identify problem trees and to interface with customers to obtain permission to remove trees. Many utilities use a method based on outage frequency to determine tree-trimming timing requirements. While considered cost-effective for SAIFI, this method often causes challenges in restoration from significant storms. Instead, some utilities are working to enhance vegetation management by extending vegetation trimming to the utility easement/right-of-way limits.

For this type of project to fall under the prescriptive options, utilities need to inform EGLE of their approach, the anticipated outcome, and the cost of such an approach. EGLE will endeavor to come up with a common specification. If utilities cannot agree to two or three methods, vegetation management will be removed from the prescriptive options, and each utility will have to justify its method and cost individually.

Question: What is the anticipated timeline for executing the 40101d project?

Answer: EGLE intends to release all approved projects by the end of 2023, but this is subject to interactions between many organizations. The following schedule is tentative.

	From	To
Consultation with utilities	1 Q 2023	April 2023
EGLE submits fund request to DOE	March 2023	
DOE approves MI request for two years of funding	May 2023	July 2023
EGLE releases RFP to utilities for two-year funding	June 2023	August 2023
Utilities respond on schedule and select prescriptive projects	July 2023	Oct 2023
Utilities respond on schedule with other eligible projects	July 2023	Oct 2023
EGLE completes the review (faster with prescriptive projects)	August 2023	Dec 2023
DOE provides the approval (faster with prescriptive projects)	Sept 2023	Feb 2024
EGLE and selected utility sign grant agreement and start	October 2023	March 2024
Utilities complete their project and request reimbursement.	Sept 2024	Dec 2024

Simpler projects may be approved more expediently. Complex projects may require more input from the state and DOE so that timelines may differ. Utilities will have 2024 to complete their first batch of projects. EGLE will again issue an RFP in 2025, 2026, and 2027. Utilities may apply to each RFP.

Question: Do large operators have the same timeline as small operators?

Answer: Yes. All utilities will go through the same process, but simpler projects may be reviewed more expediently.

Michigan's two large operators, DTE and Consumers Energy, may have longer timeframes as they will receive 50% of Michigan's 40101d funds. EGLE recognizes that their project justifications may be more complex, thus potentially requiring more time to approve. On the other hand, if large operators have processes to complete their projects quickly, perhaps no additional review time will be needed.

Question: Can utilities pool together to apply?

Answer: Yes. There are value and economies of scale when utilities pool together and submit a joint application. A utility, a trade association, or other service providers can lead joint applications. For this RFP, they will be referred to as aggregators. Each utility participating in the joint application must submit its qualifications, organizational information, and prescriptive measures to the aggregator. The aggregator submits a single, full proposal. All, some, or none of the utilities in a joint application may receive an award. Grant agreements will be with the individual utilities awarded.

Question: Does labor/equipment provided count towards their 1/3 match or does the 1/3 match need to be provided in actual dollars?

Answer: Applicants may use cash, bond proceeds, tax-exempt leasing, or Michigan SAVES financing for some or all of their match, and those that do will receive favorable consideration. This may result in different match/funding scenarios to increase the percentage of leveraged funds and incentivize larger projects.

More: Utilities may use their labor and capital cost equipment as in-kind contribution match but must justify the value basis. Include all staff performing work on the project. For each staff person, provide their name, job title, annual salary/wages, and percentage of time dedicated to the grant project. NOTE: The state may require the Davis Bacon Act or prevailing wage rates to be paid. Certain indirect costs are also allowed. More details will be provided in the RFP and Grant Agreement.

Question: How should the utility account for costs related to equipment or labor the utility provides?

Answer: The utility must provide a cost-basis for the capital equipment and allocate it proportionately to the time the equipment would be used in a project. For example, a bucket truck will be needed to install reclosers. The job takes one day. The utility can estimate what one day of use costs. Then add the labor costs for the people doing the job that day. Alternatively, the utility may contract a local firm to install it. That would be part of the project match.